

## Message Text

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PAGE 01 KUWAIT 04592 271357Z

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ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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R 271339Z OCT 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 1310

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

USMISSION EC BRUSSELS

AMEMBASSY CARACAS

AMCOMSUL DHAHRAN

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

C O N F I D E N T I A L KUWAIT 4592

EXDIS

EO 11652: GDS

TAGS: ENGR KU SA

SUBJ: KUWAITI REACTION TO SAUDI PLAN TO REDUCE POSTED PRICES,  
RAISE TAXES

REF: JIDDA 6043

1. I SAW ATEEQI BRIEFLY OCT 26 AND ASKED HIM FOR HIS REACTION TO PROPOSAL SAUDI DEPMINPET PRINCE SAUD BROUGHT ON OIL PRICING (REFTEL). ATEEQI REPLIED HE TOLD SAUD HE THOUGHT IDEA WAS FINE AND KUWAITIS PREPARED SUPPORT SAUDI PROPOSAL. ATEEQI SAID HE HAD ADVISED SAUDIS WAIT UNTIL NEXT OPEC MEETING IN DECEMBER IN ORDER AVOID GIVING IMPRESSION SAUDIS ONCE AGAIN "GOING IT ALONE."

2. ATEEQI SAID THAT AS HE HAS STATED BEFORE, GOK FAVORS SINGLE PRICE FOR OIL, TO BE REVIEWED ON ANNUAL BASIS AND TIED TO INFLATION AND DEVALUATION FACTORS. THERE SHOULD BE DISCOUNT FOR KUWAIT'S TRADITIONAL BUYERS (GULF AND BP), ATEEQI ADDED.

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PAGE 02 KUWAIT 04592 271357Z

(HE TOLD TAGGIASCO OF BUSINESS WEEK HE THOUGHT PRICE SHOULD

BE \$10.50, A FIGURE WHICH ATEEQI CLAIMED WAS NOT FAR FROM SAUDI PROPOSAL.)

3. I ASKED ATEEQI FOR LATEST KUWAITI POSITION ON NATIONALIZATION. HE REPLIED GOK KEEPING ITS OPTIONS OPEN BUT HE PERSONALLY CONTINUED TO OPPOSE IT. BASIC PURPOSES OF ANY NATIONALIZATION, ATEEQI ASSERTED, WERE COMPLETE RIDDANCE OF FOREIGN COMPANY OWNERSHIP OF NATIONAL RESOURCES AND FREEDOM TO SELL PRODUCTION TO OTHERS. ESSENCE OF PARTICIPATION WAS JOINT HOST GOVT-FOREIGN COMPANY OWNERSHIP WHICH GAVE TO FORMER VOICE (OR CONTROL) IN MANAGEMENT, AND TO LATTER THE INCENTIVE TO REMAIN IN COUNTRY AND DO GOOD JOB AS WELL AS BUILT-IN ACCESS TO CRUDE SUPPLIES. ATEEQI SAID HE REMAINED CONVINCED RETENTION OF LONG-TERM KUWAITI RELATIONSHIP WITH GULF AND BP WAS IN THE NATIONAL INTEREST AND THEREFORE THAT NATIONALIZATION WOULD BE A MISTAKE.

4. COMMENT: KUWAITIS HAVE OF COURSE BEEN AN UNREMITTING PAIN ON SUBJECT OF OIL PRICES, BUT "KUWAITI THREAT" TO NATIONALIZE, WHICH YAMANI SEEMS FOND OF HOLDING OVER ARAMCONS, IS NOT TOO CREDIBLE, AS YAMANI HIMSELF HAS APPARENTLY BEGUN TO REALIZE (PARA 4 REFTTEL). WE STILL DO NOT THINK KUWAITIS WILL GET AHEAD OF SAUDI ARABIA ON NATIONALIZATION. STOLTZFUS

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## Message Attributes

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